

**Date: 2/4/11**

**City of St. Charles  
708 Mental Health Board  
Accountability Report for Funds Expended**

**Agency Name:** Easter Seals DuPage and the Fox Valley Region

**Contact Person:** Sara Cohen      **Phone #:** 630.282.2020

**Main Office Address:** 830 South Addison Avenue, Villa Park, IL 60181  
(799 South McLean Boulevard, Elgin, IL 60123)  
(1323 Bond Street, Naperville, IL 60563)

**Funding requested from City of St. Charles 708 Board for fiscal year 10/11: \$75,000**

**Describe mission (including narrative explaining how mission relates to City of St. Charles):**

The mission of Easter Seals DuPage and the Fox Valley Region (Easter Seals DFVR) is to enable infants, children, and adults with disabilities to achieve maximum independence and to provide support for the families who love and care for them.

Since 1952, Easter Seals DFVR has been dedicated to helping individuals gain independence. It has become one of the largest and most highly regarded pediatric outpatient rehabilitation centers in the nation serving more than 3,000 infants, children and young adults with developmental disabilities each year. The staff consists of 130 people, including more than 70 therapists who have significant knowledge, medical expertise and experience in pediatric rehabilitation.

In addition to providing children and young adults with traditional physical therapy, occupational therapy, and speech-language therapy, our services include assistive technology therapy, medical nutrition therapy, therapy evaluations, audiology services for people of all ages, community outreach programs, specialty clinics, and a continuing education program. In addition, our family support services department provides social, emotional, and psychological support to children with disabilities and their families through one-on-one consultations, support groups, educational seminars, and parents' nights out. In Fiscal Year 2010, Easter Seals DFVR completed a strategic planning process that provided the organization with a vision and plan for the next three to five years. Through conversations with a number of our stakeholder groups, we identified key areas where Easter Seals DFVR has core expertise. Our focus is on targeted niche services that meet the current needs of the families we serve today and the anticipated changes that need to be made to continue to provide meaningful services into the future. These services include expanding autism services, acquiring new technology for programs and services, and increasing adult services to clients ages 18-45 years of age. A recent grant received from Tellabs allows us to start fulfilling our technology goals for children whose disabilities cause them to have difficulties with communication. The grant allows us to purchase iPads, iTouches, and the

appropriate communication applications for these devices for each of our three centers. Children and parents will get the opportunity to learn about and experiment with these devices that are so successful with many children and are far more affordable than most communication devices available for people with disabilities. Naturally, all our St. Charles clients will have access to this technology at any of our three facilities.

The mission of Easter Seals DFVR is very closely aligned with the mission of the City of St Charles to preserve its heritage, **fostering opportunity, building community and enhancing quality of life for all**. The rehabilitative services provided by Easter Seals DFVR allows everyone who comes through our doors the **opportunity to be the best they can be**. By providing quality therapy and audiology services that foster independence and family support services that provide emotional and mental health support services to our families, Easter Seals DFVR **enhances the quality of life for our clients and for their families**. Our outreach programs, continuing education classes, and special events **provide services and education to the entire community**.

**Describe specific goals that fit City's mission and indicate how goals will be accomplished:**

Easter Seals DFVR goals include providing high quality medical rehabilitation services to children and young adults with disabilities; audiology services to children and adults of all ages with hearing challenges; family support services to children with disabilities and their families; and inclusive childcare for children with and without disabilities. The following describes these key services:

- **Medical Rehabilitation**

Through medical rehabilitation, children receive the therapy they need to enhance their quality of life. Services include physical therapy, occupational therapy, speech therapy, assistive technology therapy, medical nutrition therapy, therapy evaluations, community outreach programs, and specialty clinics. Easter Seals DFVR is committed to providing therapy services at as early an age as possible and has some of the best Early Intervention therapists in the State. Numerous studies have indicated the huge, positive impact that early therapy for disabilities has on the child, the family, and the community. Our Neonatal Developmental Follow-up Clinic provides comprehensive assessments for high-risk infants.

*Short Term Goals:* Children receive the therapy they need to make improvements in functional skills and to make life-changing "firsts" such as sitting up without support for the first time, walking unassisted for the first time, and telling their mom "I love you" for the first time.

*Long Term Goals:* Children reach their potential; maximize their independence; and live, work, and play in their community along side their typically developing peers. The long term changes children make ultimately impact the whole family, allowing parents and siblings to live a life beyond the therapy world. Maximizing a child's/young adult's independence also makes a dramatic impact on the community as a whole by creating adults who are able to work and contribute in their community.

- **Audiology Services**

Audiology services are provided to newborns, children, adolescents, and adults. Services include diagnostic hearing evaluations, hearing monitoring and follow up, newborn testing, audiologic rehabilitation, a full line of hearing instruments, ear molds, hearing aid repairs, and swim plugs. The audiology services provided allow individuals of all ages to continue with their education, work, and to improve the quality of their life.

- **Family Support Services**

The Department of Family Services provides social, emotional, and psychological support that helps to strengthen the entire family. Support groups and educational/motivational seminars are offered to children that receive therapy services, their parents, and their siblings. Family support services help the youth and parents cope with anxiety, depression, stress, family conflicts, and other social issues. In addition, much-needed resource information on issues such as education, accessibility, legal counseling, housing and transportation is available to families. As stated earlier in this request, we recently added the services of a psychologist trained in dealing with negative pediatric behavior. This therapist has had a huge positive impact on many of our families.

- **Inclusive Childcare**

The Lily Garden has been providing childcare in an inclusive setting for over 25 years. It is one of the few centers in the Midwest that serves children with and without disabilities. 32 children out of the 114 children served during 2009 had special needs including cerebral palsy and other mobility disorders, Down syndrome, autism, learning disabilities, and speech and language challenges. The philosophy of the childcare center is children learn best when provided with experiences in an environment that is positive, nurturing, and developmentally appropriate. The typically developing child gains an early understanding and acceptance of children with disabilities. The child with a disability has the added benefit of having therapists at the Center who can provide needed therapy during the day, rather than the parent having to make special trips to obtain therapy for their child. This results in less stress for parent and child.

**Describe how funds will be expended and quantify services provided to the City of St. Charles (e.g., city of St. Charles persons served, cost allocated to services, program descriptions, and other pertinent information). Also attach budget detailing sources (grants, other municipalities' contributions, fundraisers, and any other sources of funding- actual or being sought:**

Funds will be expended to help cover the costs of therapy programs and audiology services for clients who live in the City of St. Charles who are in financial need. Many organizations refuse to serve or strictly limit access to those who are uninsured/underinsured or who participate in government funded healthcare programs. Also, limits on therapy visits by private insurers and the reimbursement rate of the State of Illinois programs, such as Medicaid or the State's Early Intervention Program, do not realistically address the therapy needs of most children. The government funded healthcare programs in Illinois cover only about 40% of the cost of providing therapy to patients. This makes it increasingly difficult for providers to care for these clients without raising additional funds.

Funds will also be expended to provide family support and parent liaison services to children and their families through the Easter Seals DFVR Department of Family Services. While we bill insurance for some of the services of our social worker, we never charge any clients for the services of our parent liaisons. In 2009 and 2010, Easter Seals DFVR received a grant from CVS that has allowed our social

worker to work to attain her certification in Applied Behavior Analysis. She has finished all her classes and will take the certification test by April. This certification will allow her to help therapists, families, and clients deal with behavior problems that frequently manifest in clients diagnosed with autism. A number of clients have already benefited from her increased knowledge and expertise.

Our two parent liaisons are professionals who have special needs children themselves and are able to fully relate to the families who come to us for help. They provide hours of one-on-one help and support to our families. In addition, a Summer Sibling Program held at our Villa Park facility is a free program similar to a drop-in day camp that takes place daily in the summer months and allows siblings of clients to have a fun place to hang-out while their brother or sister receive therapy. It makes the typically developing sibling happy to come to Easter Seals and allows the parent to focus more fully on the child receiving therapy.

**St. Charles 708 Funding Expenditure History- Explain how funds allocated from previous year were expended and purposes of those expenditures. Note: If funding allocation is over \$25,000, attach most recent financial statements, audit and annual report.**

Funds were expended to help cover the costs of therapy programs and services for St. Charles residents who are in financial need and to provide social service support to children and their families through our Department of Family Services.

Last year's request predicted that we would serve 59 residents from the City of St. Charles and provide 885 direct service hours. We were very close with our predictions and served 54 residents. However, the number of service hours provided was significantly greater than predicted. We provided 1004.50 service hours to St. Charles residents in 2010. At an average cost of \$124.49 per service hour, we provided \$125,050 worth of services to St. Charles residents. For this coming year, Easter Seals DFVR predicts serving 55 clients and providing 1064 service hours. This results in a cost of \$132,457. Easter Seals DFVR estimates we provided at least another \$5,000 in Family Support Services to St. Charles residents.

**On an annualized (12 month) basis, provide information on City of St. Charles residents served:**

**Direct service: number of individual clients/consumers served:**

54 residents from St. Charles were served.

**Aggregate number of direct service hours provided:**

53,425 direct service hours were provided for all clients at Easter Seals DFVR.

1004.50 direct service hours were provided for residents of St. Charles at Easter Seals DFVR.

**Describe agency cost basis per client/consumer served (e.g., per hour cost and/or program costs allocated to City of St. Charles residents and how this was derived):**

The total cost for the program was \$6,651,114. The total cost per hour of service provided is \$124.49(\$6,651,114 / 53,425). \$125,050 is the total cost allocated to residents of St. Charles (\$124.49 \* 1004.50 hours).

**Identify other services provided to and for the benefit of City of St. Charles' residents (education, presentations, volunteer training and group activities/events).**

While residents of St. Charles can receive therapy services, audiology services, family support services, and childcare services at Easter Seals DFVR, our organization provides additional services to and for the benefit of the City of St. Charles' residents.

- The Easter Seals Family Disability Resource Day was at Elgin Community College on Saturday, March 6, 2010. This special event provided information and resources to individuals with special needs and their families. A number of St. Charles residents were committee members for this event.
- The Easter Seals DFVR Management Team successfully recruited the president and CEO of the Visiting Nurses Association of the Fox Valley Region to our board. She is also a St. Charles resident. We continue to seek out other St. Charles residents for our board and committees.
- One of the Aquatic Therapy programs takes place at the Delnor Health and Wellness Center.
- Every year Easter Seals DFVR collaborates with the College of DuPage in creating a photography exhibit that tells the stories of our clients and the impact therapy has on their lives. Each year we feature some of our St. Charles clients. This photography exhibit is unveiled each October and the new pictures hang in the Villa Park lobby for a year.

Easter Seals DFVR has many volunteer opportunities, including assisting therapists during *Outreach* therapy programs; helping with office duties, special events, and building maintenance. Easter Seals DFVR always welcomes St. Charles residents to help us out in any of these areas.

**Attach a list of current Board of Directors for your agency, listing the length of time that each Board member has served in their current term. Also attach a brief summary of how Board members are elected, the qualifications sought, and any term limits for Board members.**

**Attach a copy of current 503C or tax exempt status certification.**

Date: 2/4/11

**Agency Name: Easter Seals DuPage and the Fox Valley Region**

Please note that agencies that are allocated funds from the STC 708 Board in excess of \$25,000.00 in any fiscal year are also subject to the following requirements:

1. Monthly financial statements must be submitted to the Government Operations Committee of the St. Charles City Council by no later than the 15<sup>th</sup> day of the following month.
2. An annual report must be submitted to this same Committee.
3. A representative of the agency must make a brief presentation describing the purpose of the agency, it's future plans and how it's programs and services have benefited the residents of St. Charles to this Committee on an annual basis at a date and time to be determined (following the allocation recommendation process by the STC 708 Board, but prior to the actual release of any funds).

**Funding request amount for current fiscal year \$75,000**

**Application Date: 2/4/11**

**For STC 708 Board Only:**

**Recommended funding for current fiscal year: \$**\_\_\_\_\_

**Recommendation Date:** \_\_\_\_\_

**Brief summary of how Board members are elected, the qualifications sought, and any term limits for Board members:**

The President/CEO meets with the potential candidate to learn more about the candidate and ascertain the candidate's interest. Then, the Board Chair and another Board Member meet with the candidate. Finally, the Board of Directors vote to elect the new member.

Qualifications include the desire to support Easter Seals DFVR through time, resources, and influence in the community so that children with developmental disabilities can be best served. Easter Seals DFVR strives for a well balanced board with representation from a variety of industries (i.e. finance, law, healthcare, etc.) and parents of those we serve. We face a situation that many nonprofit boards face regarding the challenge of attracting minority Board Members. We currently have one African-American Board Member and one Latino Board Member.

Board members can serve for three consecutive terms.

***Easter Seals DuPage  
and the Fox Valley Region  
Board of Directors  
2009-2010  
(Revised 11/20/10)***

**OFFICERS**

***Board Chair:*** Steve Owens  
***Treasurer:*** Kelly Taira

***Vice Chair:*** Dr. Haydee Muse  
***Secretary:*** Karen Janousek

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**Harry Cruz**

*United Parcel Service (UPS)  
Phone: 630.441.6419  
E-Mail: [hacruz@ups.com](mailto:hacruz@ups.com)*

(Term: 2009-12)

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(Term: 2010-13)

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(Term: 2009-12)

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(Term: 2009-12)

**Matt Joseph**

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(Term: 2009-12)

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(Term: 2009-12)

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(Term: 2010-13)

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(Terms: 2000-01; 2001-04, 2004-07, 2007-09, 2009-12)



**Jerry Morrow**

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(Term: 2007-10, 2010-13)

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(Terms: 2001-02; 2002-05, 2005-08, 2008-11)

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(Term: 2009-12)

**James Rooney**

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(Term: 2007-10, 2010-13)

**Diana Sorfleet**

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Term: (2007-11)

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(Term: 2009-12)

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(Term: 2005-08, 2008-11)

**Dr. Michael Volpe**

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School Association for Special  
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(Term: 2008-11)

**Linnea Windel, RN, MSN**

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Assistant: Amy Baudouin, Ext. 8109*  
(Term: 2008-11)



IRS Department of the Treasury  
Internal Revenue Service

P.O. Box 2508  
Cincinnati OH 45201

In reply refer to: 0248364841  
Aug. 20, 2010 LTR 4168C E0  
36-2476388 000000 00

00016511

BODC: TE

EASTER SEALS DUPAGE AND THE FOX  
VALLEY REGION  
830 S ADDISON AVE  
VILLA PARK IL 60181-2877

3190

Employer Identification Number: 36-2476388  
Person to Contact: B. HALL  
Toll Free Telephone Number: 1-877-829-5500

Dear TAXPAYER:

This is in response to your Aug. 11, 2010, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in DECEMBER 2001.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section 509(a)(2).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Please refer to our website [www.irs.gov/eo](http://www.irs.gov/eo) for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Michele M. Sullivan, Oper. Mgr.  
Accounts Management Operations I

*Sent after mtg  
per Bob's request*

**Easter Seals DuPage and  
the Fox Valley Region and  
Consolidated Subsidiary**

**Consolidated Financial Statements for the  
Year Ended August 31, 2010**



**Blackman Kallick**

Blackman Kallick, LLP  
10 South Riverside Plaza  
9th Floor  
Chicago, IL 60606

Easter Seals DuPage and the Fox Valley Region and Consolidated Subsidiary  
Year Ended August 31, 2010

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Blackman Kallick

Blackman Kallick, LLP  
10 South Riverside Plaza, 9th Floor  
Chicago, IL 60606

Phone 312-207-1040

### Independent Auditor's Report

Board of Trustees  
Easter Seals DuPage and the Fox Valley Region  
Villa Park, Illinois

We have audited the accompanying consolidated statement of financial position of **Easter Seals DuPage and the Fox Valley Region and Consolidated Subsidiary** as of August 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from **Easter Seals DuPage and the Fox Valley Region's** 2009 financial statements and, in our report dated December 16, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **Easter Seals DuPage and the Fox Valley Region and Consolidated Subsidiary** as of August 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Blackman Kallick, LLP*

January 17, 2011

**Consolidated Statements of Financial Position Follow**

Easter Seals DuPage and the Fox Valley Region and Consolidated Subsidiary

Consolidated Statements of Financial Position

August 31, 2010 and 2009

<u>Assets</u>		
	2010	2009
<b>Current Assets</b>		
Cash and cash equivalents	\$ 118,333	\$ 488,091
Accounts receivable, net of allowance for doubtful accounts of \$69,000 and \$114,996 in 2010 and 2009, respectively	626,094	703,632
Accounts receivable - Other	11,843	20,631
Prepaid expenses and deposits	55,920	54,805
Total Current Assets	812,190	1,267,159
<b>Property and Equipment</b>		
Land	113,468	113,468
Building and improvements	1,981,553	1,981,553
Furniture and equipment	1,140,984	1,102,399
	3,236,005	3,197,420
Less accumulated depreciation and amortization	(1,681,148)	(1,457,973)
Total Property and Equipment, Net	1,554,857	1,739,447
<b>Other Assets - Investments</b>	915,161	738,502
	<u>\$ 3,282,208</u>	<u>\$ 3,745,108</u>

The accompanying notes are an integral part of the consolidated financial statements.

<b><u>Liabilities and Net Assets</u></b>		
	<u>2010</u>	<u>2009</u>
<b>Current Liabilities</b>		
Accounts payable	\$ 162,939	\$ 194,352
Accrued expenses	405,043	336,629
Deferred revenue	59,395	83,638
Borrowings under bank line of credit	300,000	249,983
Current portion of long-term debt	<u>11,393</u>	<u>12,040</u>
Total Current Liabilities	938,770	876,642
<b>Noncurrent Liabilities - Long-term debt</b> (Net of portion included in current liabilities)	<u>31,969</u>	<u>42,588</u>
Total Liabilities	<u>970,739</u>	<u>919,230</u>
<b>Net Assets</b>		
Unrestricted	2,014,504	2,463,828
Temporarily restricted	<u>296,965</u>	<u>362,050</u>
Total Net Assets	<u>2,311,469</u>	<u>2,825,878</u>
	<u><u>\$ 3,282,208</u></u>	<u><u>\$ 3,745,108</u></u>



Easter Seals DuPage and the Fox Valley Region and Consolidated Subsidiary

Consolidated Statements of Activities

Year Ended August 31, 2010 with Comparative Totals for 2009

	Unrestricted	Temporarily Restricted	Total	
			2010	2009
<b>Revenues</b>				
Public support				
Contributions	\$ 461,491	\$ 87,244	\$ 548,735	\$ 473,623
Bequests and memorials	11,111	-	11,111	-
Corporate donations	90,239	-	90,239	70,265
Grants - Government	56,201	-	56,201	99,920
Events (Net of direct benefit costs of \$151,041 and \$140,730 in 2010 and 2009, respectively)	372,622	-	372,622	443,842
Direct mail from National	106,387	-	106,387	126,747
United Way agencies	91,138	-	91,138	94,060
Grants - Other	5,582	-	5,582	16,224
Grants - Foundation	139,687	-	139,687	149,856
Clubs and organizations	32,974	-	32,974	35,261
Online network donation	40,427	-	40,427	27,671
Net assets released from restriction	152,329	(152,329)	-	-
<b>Total Public Support</b>	<b>1,560,188</b>	<b>(65,085)</b>	<b>1,495,103</b>	<b>1,537,469</b>
Program service fees				
Fees for service	4,100,055	-	4,100,055	4,137,140
Governmental fee for service	646,031	-	646,031	467,147
Daycare	535,541	-	535,541	486,015
Education services	154,556	-	154,556	96,456
Audiology and other equipment sales	257,390	-	257,390	345,613
<b>Total Program Service Fees</b>	<b>5,693,573</b>	<b>-</b>	<b>5,693,573</b>	<b>5,532,371</b>
Other revenues				
Rental income	10,200	-	10,200	5,380
Service billing revenue	100,045	-	100,045	-
Other miscellaneous revenue	18,575	-	18,575	53,451
<b>Total Other Revenues</b>	<b>128,820</b>	<b>-</b>	<b>128,820</b>	<b>58,831</b>
<b>Total Revenues</b>	<b>7,382,581</b>	<b>(65,085)</b>	<b>7,317,496</b>	<b>7,128,671</b>

The accompanying notes are an integral part of the consolidated financial statements.

Easter Seals DuPage and the Fox Valley Region and Consolidated Subsidiary

Consolidated Statements of Activities

Year Ended August 31, 2010 with Comparative Totals for 2009

	Unrestricted	Temporarily Restricted	Total	
			2010	2009
<b>Expenses</b>				
Program services	\$ 6,022,829	\$ -	\$ 6,022,829	\$ 6,114,638
Support services				
Fundraising	631,444	-	631,444	547,397
Management and general	1,155,891	-	1,155,891	987,242
National dues	50,339	-	50,339	51,911
Total Support Services	1,837,674	-	1,837,674	1,586,550
Total Expenses	7,860,503	-	7,860,503	7,701,188
Change in Net Assets before Investment (Gain) Loss	(477,922)	(65,085)	(543,007)	(572,517)
Investment Gain (Loss)	28,598	-	28,598	(68,318)
Change in Net Assets	(449,324)	(65,085)	(514,409)	(640,835)
Net Assets, Beginning of Year	2,463,828	362,050	2,825,878	3,466,713
Net Assets, End of Year	<u>\$ 2,014,504</u>	<u>\$ 296,965</u>	<u>\$ 2,311,469</u>	<u>\$ 2,825,878</u>

The accompanying notes are an integral part of the consolidated financial statements.

## Easter Seals DuPage and the Fox Valley Region and Consolidated Subsidiary

## Consolidated Statements of Functional Expenses

Year Ended August 31, 2010 with Comparative Totals for 2009

	Program Services										Supporting Services					
	Physical Therapy	Occupational Therapy	Speech Therapy	Assistive Therapy	Nutrition Therapy	Audiology	Child Development	Social Services	Continuing Education	Total Program Services	Fundraising	Management and General	National Dues	Total Support Services		
Salaries and related expenses	\$ 1,240,276	\$ 1,165,061	\$ 939,993	\$ 366,195	\$ 76,120	\$ 257,693	\$ 591,210	\$ 142,156	\$ 37,792	\$ 4,816,496	\$ 468,406	\$ 990,976	\$ -	\$ 1,459,382		
Accrued profit-sharing	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
contribution reversal	7,115	165	140	-	-	31	-	11,995	41,900	61,346	35,409	31,036	-	66,445		
Professional fees	9,765	13,860	7,084	5,629	1,393	120,701	36,996	9,136	7,882	212,446	11,106	15,612	-	26,718		
Cost of sales and supplies	14,584	11,325	9,999	2,067	230	2,815	3,800	178	66	45,064	873	2,462	-	3,335		
Telecommunications	4,450	4,043	2,950	2,306	305	559	3,882	162	61	18,718	13,252	1,552	-	14,804		
Postage and shipping	140,601	111,259	94,501	40,162	6,003	18,986	27,277	5,722	1,928	446,439	6,060	16,381	-	22,441		
Occupancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Minor equipment purchase and maintenance	11,205	7,922	6,107	5,440	439	7,504	6,569	378	668	46,232	8,768	6,752	-	15,520		
Printing, publication and media	1,360	1,009	863	428	90	937	5,729	524	16,679	27,619	51,786	3,183	-	54,969		
Travel and transportation	6,655	1,290	4,262	795	519	302	134	37	5,307	19,301	4,136	4,403	-	8,539		
Conference and meetings	741	1,224	18	1,806	2	8	10	203	2	4,014	1,187	1,050	-	2,237		
Dues and memberships, excluding National dues	-	125	-	-	-	-	350	290	1,250	2,015	5,130	1,678	-	6,808		
National dues	-	-	-	-	-	-	-	-	-	-	-	-	50,339	50,339		
Insurance	5,810	5,541	4,527	2,079	373	1,552	3,235	590	215	23,922	2,084	2,937	-	5,021		
Interest	-	-	-	-	-	-	-	-	-	-	-	18,108	-	18,108		
Bad debt expense	19,430	20,683	14,415	4,421	980	3,705	4,899	467	-	69,000	-	-	-	69,000		
Staff training and development	727	1,272	370	49	5	17	347	5,881	3,504	12,172	5,344	12,662	-	18,006		
Miscellaneous	3,628	3,557	2,877	1,062	261	2,042	4,216	18	10	17,671	10,129	32,072	-	42,201		
Total Expenses before Depreciation and Amortization	1,466,347	1,348,336	1,088,106	432,439	86,720	416,852	688,654	177,737	117,264	5,822,455	623,670	1,140,864	50,339	1,814,873		
Depreciation and amortization	43,117	38,219	27,458	24,057	2,899	24,983	37,662	1,453	526	200,374	7,774	15,027	-	22,801		
Total Expenses	\$ 1,509,464	\$ 1,386,555	\$ 1,115,564	\$ 456,496	\$ 89,619	\$ 441,835	\$ 726,316	\$ 179,190	\$ 117,790	\$ 6,022,829	\$ 631,444	\$ 1,155,891	\$ 50,339	\$ 1,837,674		
															\$ 7,860,503	\$ 7,701,188

The accompanying notes are an integral part of the consolidated financial statements.

## Easter Seals DuPage and the Fox Valley Region and Consolidated Subsidiary

## Consolidated Statements of Cash Flows

Years Ended August 31, 2010 and 2009

	2010	2009
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (514,409)	\$ (640,835)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Bad debt expense	68,999	114,996
Depreciation and amortization	223,175	232,288
Net realized and change in unrealized (gain) loss on investments	(21,723)	90,166
Noncash contribution - Donated stock	(52,441)	(52,905)
Noncash contribution - Forgiveness of debt	(7,450)	(7,450)
(Increase) decrease in		
Accounts receivable	17,327	301,981
Prepaid expenses and deposits	(1,115)	(19,425)
Increase (decrease) in		
Accounts payable and accrued expenses	37,001	(88,363)
Deferred revenue	(24,243)	14,908
Net Cash Used in Operating Activities	(274,879)	(54,639)
<b>Cash Flows from Investing Activities</b>		
Proceeds from sales of investments	-	497,189
Purchases of investments	(102,495)	(214,823)
Purchases of property and equipment	(38,585)	(52,489)
Net Cash (Used in) Provided by Investing Activities	(141,080)	229,877
<b>Cash Flows from Financing Activities</b>		
Borrowings on line of credit	926,017	1,079,322
Repayment of line of credit borrowings	(876,000)	(971,089)
Borrowings on long-term debt	-	20,000
Repayments on long-term debt	(3,816)	(2,622)
Net Cash Provided by Financing Activities	46,201	125,611
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(369,758)	300,849
<b>Cash and Cash Equivalents, Beginning of Year</b>	488,091	187,242
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 118,333</u>	<u>\$ 488,091</u>
<b>Supplemental Cash Flow Information</b>		
Cash paid for interest	<u>\$ 23,372</u>	<u>\$ 13,293</u>

The accompanying notes are an integral part of the consolidated financial statements.

## Easter Seals DuPage and the Fox Valley Region and Consolidated Subsidiary

### Notes to Consolidated Financial Statements

Year Ended August 31, 2010

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#### **Note 1 - Nature of Activities**

Easter Seals DuPage and the Fox Valley Region (ESDFVR) provides outpatient treatment programs to habilitate and rehabilitate children with disabilities in the Chicago metropolitan area. ESDFVR is supported by public support and fees. ESDFVR extends unsecured credit to its clients for services rendered.

Easter Seals DFVR Services, Inc. (ESS) was incorporated on September 1, 2009 and provides billing services to third party organizations. ESS is a wholly owned subsidiary of ESDFVR.

#### **Note 2 - Summary of Significant Accounting Policies**

##### Principles of Consolidation

ESDFVR and ESS have been consolidated in the accompanying consolidated financial statements. The consolidated entities are referred to as "the Organization" in the consolidated financial statements. All significant intercompany accounts and transactions have been eliminated in consolidation.

##### Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAPUSA). The separate classes of net assets are defined as follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted - Net assets that are subject to donor-imposed restrictions, which will be met either by actions of the Organization or the passage of time.

##### Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAPUSA. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended August 31, 2009 from which the summarized information was derived.

The 2009 comparative financial statement information consists of only the activity of ESDFVR since ESS was incorporated during the year ended August 31, 2010.

## Easter Seals DuPage and the Fox Valley Region and Consolidated Subsidiary

### Notes to Consolidated Financial Statements

Year Ended August 31, 2010

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#### **Note 2 - Summary of Significant Accounting Policies (Continued)**

##### Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all short-term, highly liquid money market accounts with a maturity of three months or less to be cash equivalents. The Organization maintains its cash and cash equivalents at JP Morgan Chase Bank and First Chicago Bank & Trust. At times, amounts may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

##### Accounts Receivable

Accounts receivable are carried at original invoice or closing statement amount less estimates made for doubtful receivables. Management determines the allowances for doubtful accounts by reviewing and identifying troubled accounts and by using historical experience applied to an aging of accounts. A receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

##### Public Support and Revenue Recognition

Public support and revenue are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on other assets or liabilities are reported as an increase or decrease in unrestricted net assets unless explicit donor stipulation or law restricts their use.

Contributions, including unconditional promises to give and certain grants, are recorded at fair value when pledged by the donor. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give and certain grants are recognized when the conditions on which they depend are substantially met.

Revenue from government grants and contracts designated for use in specific activities is recognized in the period when expenditures have been incurred in compliance with the grantor's restrictions. Cash received in excess of revenue recognized is recorded as deferred revenue.

##### Program Service Fees

The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. Program service fee revenue is recorded at published charges with contractual allowances deducted to arrive at program service fees, net.

##### Fee Assistance

The Organization provides fee assistance to patients at full or partially reduced rates based on certain criteria contained in its sliding scale fee assistance policy. The sliding scale fee program is based on family income and size and is updated annually based on the published federal poverty levels.

Easter Seals DuPage and the Fox Valley Region and Consolidated Subsidiary

Notes to Consolidated Financial Statements

Year Ended August 31, 2010

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

Contributed Services and Facilities

A number of volunteers have donated their services to the programs of the Organization. No amounts have been recognized for these donated services in the statements of activities because the criteria for recognition under GAAPUSA have not been satisfied.

Fair Value Measurements

Effective September 1, 2008, the Organization adopted the GAAPUSA guidance on fair value measurements and disclosures for all financial assets and liabilities carried at fair value. The guidance defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Effective September 1, 2009, the Organization adopted the guidance for nonrecurring fair value measurements of nonfinancial assets and liabilities, which guidance had been previously deferred. The adoption of this guidance had no material effect on the Organization's financial condition, results of operations or footnote disclosures.

In September 2009, the Financial Accounting Standards Board (FASB) issued new guidance regarding the use of net asset value per share provided by the investee as a practical expedient to estimate the fair value of alternative investments. The adoption of this guidance had no effect on the Organization's consolidated financial statements.

Investments

Investments are recorded at fair value and consist of equity securities and a community foundation investment pool. Contributions of marketable securities are recorded at fair market value at the date of the gift. The realized gains and losses on investments sold are computed using the specific recorded cost of each security.

The Organization's investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and could materially affect the amounts reported in the statements of financial position.

Easter Seals DuPage and the Fox Valley Region and Consolidated Subsidiary

Notes to Consolidated Financial Statements

Year Ended August 31, 2010

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

Property and Equipment

Property and equipment are stated at cost. The Organization's capitalization policy is to capitalize assets with a cost of \$1,000 or more and a useful life of over one year. Depreciation and amortization are computed using the straight-line method based on the estimated useful lives of the assets as shown below:

	<u>Years</u>
Building and improvements	5-30
Furniture and equipment	5-7

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on square footage, salaries and full-time equivalent employees.

Income Taxes

ESDFVR is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Consequently, no provision has been made in the consolidated financial statements for income taxes.

ESS is a C-corporation and income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the bases for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. As of August 31, 2010, ESS did not have any deferred tax assets or liabilities.

The Organization's adoption of the Income Tax Topic regarding uncertain tax positions of GAAPUSA on September 1, 2009 had no effect on its financial position as management believes the Organization has no material unrecognized income tax liabilities, including any potential risk of ESDFVR losing its not-for-profit status. The Organization would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax liabilities as income tax expense. The Organization is not subject to examination by tax authorities for federal, state or local income taxes for periods before 2007. Prior to adoption of the Income Tax Topic, the Organization accounted for tax positions under a contingent loss model, requiring recognition of a tax liability when it was both (1) probable that it had been incurred as of year-end and (2) the amount could be reasonably estimated.



Easter Seals DuPage and the Fox Valley Region and Consolidated Subsidiary

Notes to Consolidated Financial Statements

Year Ended August 31, 2010

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

Management Estimates

The preparation of consolidated financial statements in conformity with GAAPUSA requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated subsequent events through January 17, 2011, the date the 2010 consolidated financial statements were available to be issued and December 16, 2009 with respect to the comparative 2009 financial statements.

**Note 3 - Cash and Cash Equivalents**

Cash and cash equivalents consist of the following:

	<u>2010</u>	<u>2009</u>
Cash	\$ 35,500	\$ 407,377
Money market funds	<u>82,833</u>	<u>80,714</u>
	<u>\$ 118,333</u>	<u>\$ 488,091</u>

# Easter Seals DuPage and the Fox Valley Region and Consolidated Subsidiary

## Notes to Consolidated Financial Statements

Year Ended August 31, 2010

### Note 4 - Fair Value Measurements

GAAPUSA defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. GAAPUSA describes three approaches to measuring the fair value of assets and liabilities: the market approach, the income approach and the cost approach. Each approach includes multiple valuation techniques. The standard does not prescribe which valuation technique should be used when measuring fair value, but does establish a fair value hierarchy that prioritizes the inputs used in applying the various techniques. Inputs broadly refer to the assumptions that market participants use to make pricing decisions, including assumptions about risk. Level 1 inputs are given the highest priority in the hierarchy while Level 3 inputs are given the lowest priority. Financial assets and liabilities carried at fair value are classified in one of the following three categories based on the inputs to the valuation technique used:

- Level 1 - Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3 - Unobservable inputs that are not corroborated by market data. These inputs reflect management's best estimate of fair value using its own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The following tables set forth by level, within the fair value hierarchy, the Organization's financial assets and liabilities that were accounted for at fair value on a recurring basis as of August 31, 2010 and August 31, 2009. As required by GAAPUSA, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect their placement within the fair value hierarchy levels.

Description	Fair Values as of August 31, 2010	Recurring Fair Value Measurements as of Reporting Date		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Equity securities				
Large cap funds	\$ 166,074	\$ 166,074	\$ -	\$ -
Mid/Small cap funds	72,575	72,575	-	-
International funds	84,340	84,340	-	-
Community foundation investment pool	42,517	-	42,517	-
	<u>\$ 365,506</u>	<u>\$ 322,989</u>	<u>\$ 42,517</u>	<u>\$ -</u>

Easter Seals DuPage and the Fox Valley Region and Consolidated Subsidiary

Notes to Consolidated Financial Statements

Year Ended August 31, 2010

**Note 4 - Fair Value Measurements (Continued)**

Description	Fair Values as of August 31, 2009	Recurring Fair Value Measurements as of Reporting Date		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Equity securities				
Large cap funds	\$ 161,579	\$ 161,579	\$ -	\$ -
Mid/Small cap funds	61,898	61,898	-	-
International funds	85,694	85,694	-	-
Community foundation investment pool	39,701	-	39,701	-
	<u>\$ 348,872</u>	<u>\$ 309,171</u>	<u>\$ 39,701</u>	<u>\$ -</u>

Not included in the above tables are money market funds of \$294,883 and \$288,007 and certificates of deposit funds of \$254,772 and \$101,623 as of August 31, 2010 and 2009, respectively. These money market funds and certificates of deposit are included in investments on the consolidated statements of financial position; however, they are not reported at fair value.

Level 1 Inputs

Fair values for the Organization's equity securities were based on quoted market prices in active markets.

Level 2 Inputs

The estimated fair value of the community foundation investment pool is based on the underlying assets, which consist primarily of equity securities traded on an active market.

The Organization can withdraw funds from the community foundation investment pool with three months advance notice.

The Organization currently uses no level 3 inputs.

Easter Seals DuPage and the Fox Valley Region and Consolidated Subsidiary

Notes to Consolidated Financial Statements

Year Ended August 31, 2010

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**Note 5 - Investments**

Investment gain (loss) consisted of the following for the years ended August 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 6,875	\$ 21,848
Net realized and change in unrealized gain (loss)	<u>21,723</u>	<u>(90,166)</u>
	<u>\$ 28,598</u>	<u>\$ (68,318)</u>

**Note 6 - Line of Credit**

The Organization has a \$600,000 line of credit with First Chicago Bank & Trust that bears interest at the prime rate plus one percentage point with a floor at 5.50%, and is secured by the Organization's real property and buildings. As of August 31, 2010, the outstanding balance due was \$300,000. The line of credit expires on October 21, 2011.

**Note 7 - Long-Term Debt**

The Organization has a note payable to DuPage Community Development Commission (the Commission) through the United States Department of Housing and Urban Development used for renovation of the Organization's facilities. The loan accrues interest at 6% annually on the outstanding balance. The loan is collateralized by a lien on the land and building owned by the Organization. Five percent of the original principal is forgiven annually through 2013, at which time all accrued interest will be forgiven, provided the Organization has complied with certain covenants. Failure to comply with these covenants causes the remaining principal and accrued interest to be paid to the Commission. The Organization was in compliance with these covenants as of August 31, 2010.

As a result of this agreement, the Organization is treating the accrued interest on the loan as a contingent liability. As of August 31, 2010 and 2009, the accrued interest on the loan was \$91,188 and \$89,400, respectively.

The Organization has a \$20,000 note payable to Illinois Facilities Fund (IFF) used for equipment purchases at the Organization's Villa Park location. The note is payable in monthly payments of \$377 including interest at an annual rate of 5% with the final payment due in November 2013. The loan is collateralized by the phone equipment that was purchased.

Easter Seals DuPage and the Fox Valley Region and Consolidated Subsidiary

Notes to Consolidated Financial Statements

Year Ended August 31, 2010

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**Note 7 - Long-Term Debt (Continued)**

Maturities on long-term debt consist of the following as of August 31, 2010:

Year Ending August 31:	
2012	\$ 11,592
2013	11,804
2014	<u>8,573</u>
	<u>\$ 31,969</u>

**Note 8 - Operating Leases**

The Organization entered into leases with unrelated organizations under noncancelable operating leases that expire as follows:

<u>Location</u>	<u>Expiration</u>
Naperville	August 31, 2012
Villa Park - Therapy rooms	April 30, 2029
Villa Park - Assistive technology	May 31, 2014
Elgin	August 31, 2011

Rent expense under all leases for the years ended August 31, 2010 and 2009 was \$255,362 and \$246,667, respectively.

The following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of August 31, 2010:

Year Ending August 31:	
2011	\$ 239,989
2012	163,169
2013	87,100
2014	87,100
2015	50,000
Thereafter	<u>683,336</u>
Total Minimum Payments Required	<u>\$ 1,310,694</u>

Easter Seals DuPage and the Fox Valley Region and Consolidated Subsidiary

Notes to Consolidated Financial Statements

Year Ended August 31, 2010

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**Note 9 - Retirement Plan**

The Organization sponsors a defined contribution plan organized under Section 403(b) of the Internal Revenue Code. The plan covers all full time employees of the Organization and the Organization does not make matching contributions to the plan. The Organization may make a discretionary profit sharing contribution under the plan for all full time employees who have met the minimum service requirements of one year and 1,000 hours of service. The Organization has elected not to pay a discretionary profit sharing contribution for the years ended August 31, 2010 and 2009.

During fiscal year 2009, the Organization elected not to pay the discretionary profit sharing contribution accrued as of August 31, 2008. The related liability was written-off during 2009 and reduced related expenses in the statement of functional expenses as of August 31, 2009.

**Note 10 - Temporarily Restricted Net Assets**

Temporarily restricted net assets as of August 31, 2010 and 2009 consist of the following:

	2010	2009
Program	\$ 15,630	\$ 31,315
Sponsor a Child	25,000	-
Naperville location	256,260	330,660
Other	75	75
	<u>\$ 296,965</u>	<u>\$ 362,050</u>

**Note 11 - Payment to Affiliate**

The Organization makes payments to the National Easter Seals organization in exchange for services and support in accordance with terms of the affiliation agreement. Payments for the years ended August 31, 2010 and 2009 totaled \$50,339 and \$51,911, respectively.

**Note 12 - Reclassifications**

For comparability, the 2009 financial statements reflect reclassifications where appropriate to conform to the consolidated financial statement presentation used in 2010.